NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Period ended 30 September 2016

As of the date of this announcement, the statutory audit for the financial years ended 31 March 2015 ("FY2015") and 31 March 2016 ("FY2016") of Next-Generation Satellite Communications Limited ("Company") is still in progress and has not been finalised.

As such, the comparative figures for the corresponding periods in this announcement are based on unaudited results for the second quarter ended 30 September 2015 as announced on 13 November 2015. In the event that there are material adjustments arising from the finalisation of the audit for FY2015 and FY2016, the Company will make the appropriate announcement(s) highlighting the variance and the reasons for the discrepancies.

1. Update on Financial Position for the financial period ended 30 September 2016

Statement of Comprehensive Income

The Group did not generate any revenue for the second quarter ended 30 September 2016 ("2QFY17") in view of the waiver of interest income from the convertible notes extended to the issuer with effect from 5 October 2015. This waiver was in consideration for the issuer's consent to the order issued by the Court of Hong Kong on 6 January 2016. The announcement on the waiver of interest income was made by the Group on 8 January 2016.

Other income of S$0.6 million was mainly derived from the accrued interest income of 8% per annum on the convertible notes, being the order issued by the Court of Hong Kong on 13 June 2016 as announced by the Group. The interest income is accrued from the date of the order till full repayment is made by Neo Telemedia Limited ("NEO").

Administrative expenses decline from S$1.6 million in second quarter ended 30 September 2015 ("2QFY16") to S$0.9 million in 2QFY17 mainly due to the decrease in professional fee amounting to approximately S$0.5 million and staff cost of approximately S$70,000.

The Group recognised a foreign exchange gain of S$0.3 million in 2QFY17 compared to a foreign exchange loss of S$0.6 million 2QFY16 due to the weakening of Singapore Dollar ("SGD") against the United States Dollar ("USD").

The Group recorded slightly higher share of losses of S$0.7 million from its joint venture in 2QFY17, as compared to losses of S$0.63 million in 2QFY16 due to lower business activity and contribution from, the sale of satellite broadband products and services in China. This decline in business reflects the challenges faced by its joint venture in a highly competitive operating landscape.

Taking the above into account, the Group recorded a net loss of S$0.8 million for 2QFY17 compared to a net loss of S$2.0 million in 2QFY16.

Statement of Financial Position

As at 30 September 2016, the value of plant and equipment amounted to S$14,000, compared to S$22,000 as at 31 March 2016. This was due to the depreciation charged of S$8,000 during the period.

Other receivables, deposits and prepayments increased to S$3.9 million as at 30 September 2016, compared to S$3.3 million as at 31 March 2016. The increase included a S$0.5 million accrued interest income on the convertible notes as explained above, which derives an interest of 8% per annum until full repayment is made by NEO.

Available-for-sale financial assets of S$24.9 million as at 30 September 2016 which reflects the fair value of the two convertible notes held by Arch and Hilllgo. The share of loss from the Group's joint-venture project also resulted in a decrease in the net carrying value of joint ventures as at 30 September 2016.

Other payable and accruals mainly consist of deferred liabilities, provision for directors' fee and accruals amounting to approximately S$4.1 million, S$1.4 million and S$0.7 million respectively.

The slight increase in income tax payable mainly was due to the translation difference between Indonesia Rupiah ("IDR") and Hong Kong Dollar ("HKD") against SGD due to the tax payables arising from IDR and HKD foreign denominated subsidiaries.

Statement of Cash Flow

The Group's cash and cash equivalents as at 30 September 2016 stands at S$42,000.

2. Update on Future Direction

On 7 July 2016, NEO filed a Summons applying for an order that: 1) Execution of the 13 June 2016 Court Order be stayed pending determination of the Appeal; and 2) Leave be granted to NEO to adduce an Affirmation as evidence for NEO's appeal against the 13 June 2016 Court Order. This Summons was dismissed by the Court with cost awarded on indemnity basis in the hearing of 29 July 2016.

On 16 August 2016, the Group has filed a petition to wind up NEO under Section 327 of the Companies (Winding Up and Miscellaneous Provision) Ordinance of Hong Kong in the High Court of Hong Kong on 15 August 2016. The hearing date for the Petition has been scheduled for 30 November 2016.

On 25 August 2016, the Group has filed 5 garnishee order to show cause in the High Court of Hong Kong on 24 August 2016 against the 5 known bankers of NEO. Pursuant to the Garnishee Orders, the Court ordered that: all debts due from the Banks to NEO be attached to answer the Judgement Order of 13 June 2016 against NEO. At the hearing on 30 September 2016, the Court in giving priority to the Wind Up Petition filed on 16 August 2016, ruled against the Garnishee Orders.

On 13 October 2016, the Group has filed an Inter Parte Summons in the High Court of Hong Kong applying for an order to appoint Vincent Fok and Daniel Chow of FTI Consulting to be provisional liquidator of Neo ('Application"), to ascertain and safeguard the assets of NEO Group.

On 2 November 2016, the Group's lawyer, pursuant to the court order dated 13 June 2016 have received the aggregate redemption principal amount and the outstanding interest aggregating to HK$148,292,383.56 from NEO.

3. Update of Watch-List status

As at the date of this announcement, the Company is on the watch-list ("Watch-List") pursuant to Rule 1311 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Under Rule 1314 of the Listing Manual of the SGX-ST, an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it satisfies any one of the following requirements:-

(1) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of $40 million or more over the last 120 market days on which trading was not suspended or halted. For the purpose of this rule, trading is deemed to be suspended or halted if trading is ceased for the full market day; or

(2) the issuer satisfies the SGX-ST Mainboard admission criteria, either under Rule 210(2)(a) or Rule 210(2)(b).

SGX-ST had on 1 December 2010 granted to the Company an extension until 1 June 2012, to meet the requirements to exit the Watch-List (which are set out under Listing Rule 1314).

The Company has, in November 2014, made an application to SGX-ST for a further extension to meet the requirements to exit the Watch-List and will update the shareholders on this status as and when appropriate.

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director and Chief Executive Officer

11 November 2016